

Fiscal Year 2007

Certified Financial Statement

Who must prepare a Certified Financial Statement?

Every second class city is required to annually file a Certified Financial Statement or audit with the Department of Commerce, Community, and Economic Development (COMMERCE). *Alaska Statute 29.20.640(a)(2)*

Why should a city file a Certified Financial Statement?

- ✓ Every second class city is required by law to file a Certified Financial Statement or audit with COMMERCE.

Where do cities file the Certified Financial Statement?

Send the Certified Financial Statement along with the resolution certifying its accuracy (see enclosed forms) to:

Department of Commerce,
Community, and Economic
Development
Division of Community Advocacy
P.O. Box 110809
Juneau, Alaska 99811-0809

What time period is covered?

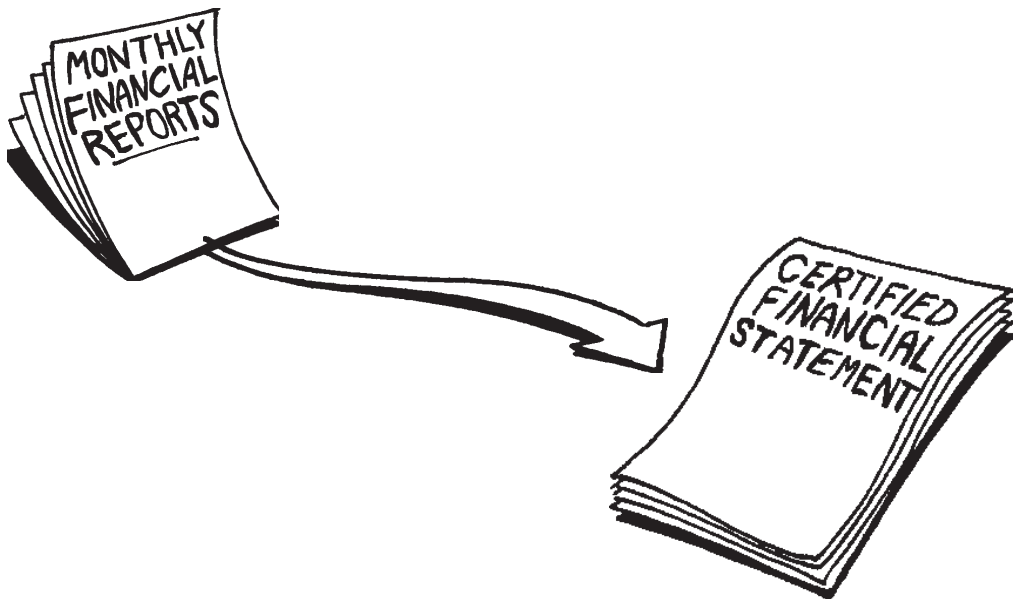
The Certified Financial Statement reports revenues and expenses for the twelve (12) month period from July 1, 2006 to June 30, 2007, or January 1, 2007, to December 31, 2007, for the few cities using the calendar fiscal year.

What is the filing deadline?

Cities should file the Certified Financial Statement as soon as possible after the fiscal year ends.



DCA strongly recommends the Certified Financial Statement be sent by certified mail for proof of delivery.



Section 1

General Information

Second class cities must submit a Certified Financial Statement or Audit to the Department of Commerce, Community, and Economic Development (COMMERCE).

The Relationship Between a Budget and a Financial Report

There is a close relationship between an approved budget for fiscal year 2007 (July 1, 2006 – June 30, 2007) and the Certified Financial Statement a city will be preparing with this manual. Prior to the beginning of each fiscal year, cities prepare and adopt a budget. It is an annual plan for setting spending and service priorities and includes a projection of revenues. Once the budget is adopted by the city council as an ordinance (resolutions are not acceptable), it becomes law. A budget is adopted after a public hearing has been held on the budget ordinance. A budget is required by state law before a city may legally receive or spend any money.

Based on the approved fiscal year 2007 budget, a city receives revenues and pays for expenses. The budget has been used by the city council to direct spending during the twelve months of the fiscal year.

The city should maintain accurate and complete financial records during

the fiscal year. These records should show where the money came from (revenues), the purpose for which the money was used and the amount spent (expenditures). Alaska Statute 29.20.500(4) requires that city managers or mayors “make monthly financial reports” to the city council. Budgets and financial reports are two separate financial documents that serve different purposes. However, a close relationship exists between them. Budgets plan expenditures and anticipate revenues for the upcoming fiscal year – they look to the future. In contrast, financial reports look back on past performance and compare the budget with the actual revenues received and expenditures made during the past fiscal year.

Preparation of the Annual Certified Financial Statement

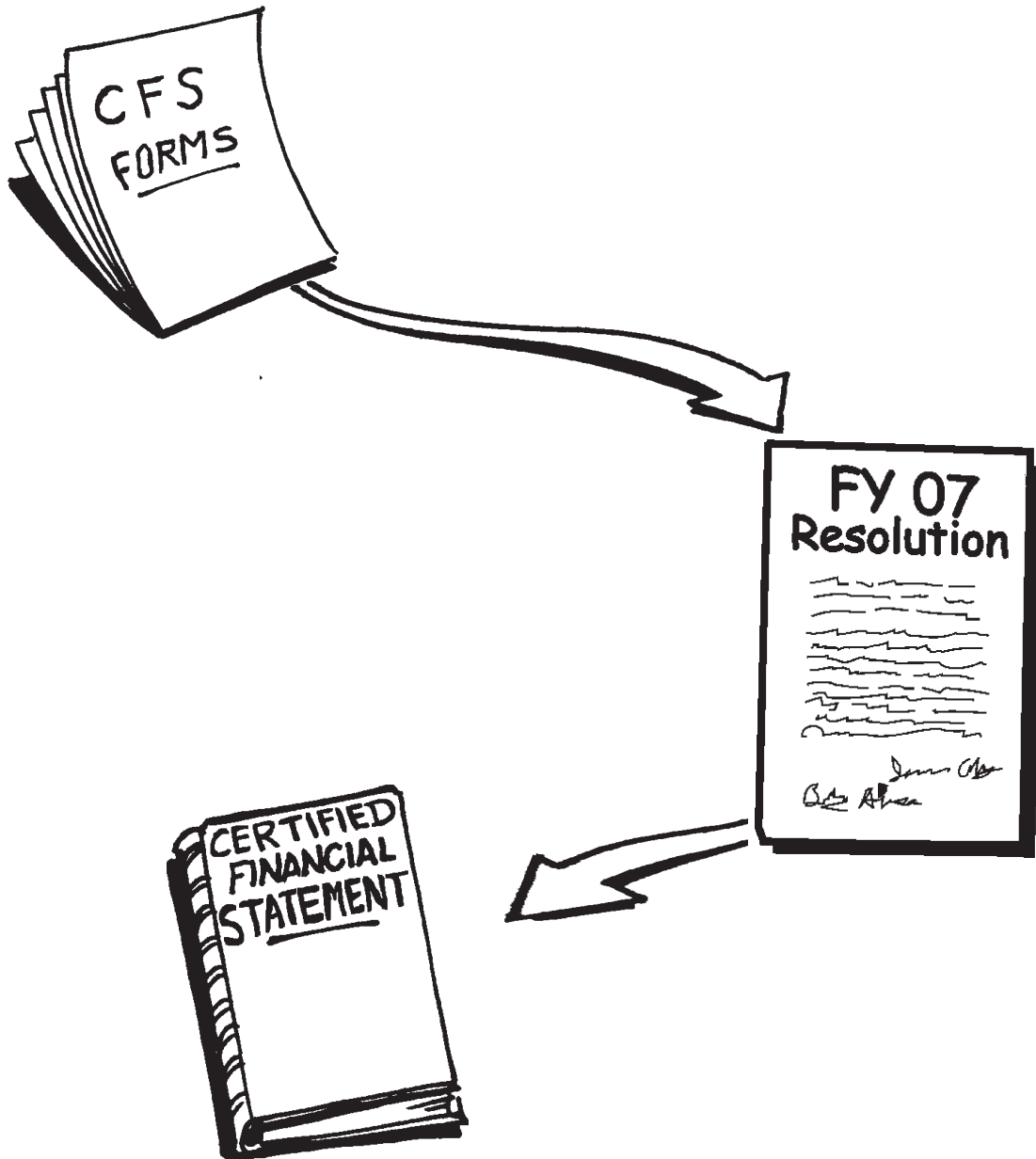
The treasurer has primary responsibility for maintaining the city’s financial records and for preparing the annual Certified Financial Statement. In some cities, the city clerk is also the treasurer. The annual Certified Financial Statement can be easily

prepared if monthly financial reports have been prepared. If, however, a city has failed to make accurate monthly financial reports, a review of the financial transactions for the entire year must be made. All checks or cash received and expenses paid will need to be reviewed and classified by budget categories. This job would be less difficult if regular monthly financial reports had been prepared. If a city is not preparing monthly financial reports, COMMERCE suggests the city begin this month and avoid the problems of completing an annual Certified Financial Statement next year. DCA staff are available to assist. The addresses and phone numbers of the regional offices are identified in the front of this manual.

Every effort should be made to ensure the city's financial statement of revenues and expenditures is an accurate statement of the financial transactions over the past year. Once the statement has been reviewed and certified by the city council, it becomes official. Copies of the statement should be made available to all persons and groups who have an interest in the city's finances. The public has a right to know the details of how local governments are managing public funds.

The forms in this manual may be used to develop the city's statement of revenues and expenditures. The forms are designed to provide sufficient information to meet local needs and the requirements of State laws related to financial reporting.

Notes



Section 2

Instructions for Completing the FY 2007 Certified Financial Statement

As revenues are received and expenses paid, they are entered into the city's financial records. Both revenues and expenditures need to be classified into a group of logical categories. The purposes of classifying revenues and expenses are to:

- ☐ First, assign each revenue to a source and each expense to a service, function or facility provided by the city.
- ☐ Second, the financial events of an entire year need to be sorted and summarized into an understandable picture of the financial condition of the city.

This manual provides a system of categorizing revenues and expenses. The enclosed Certified Financial Statement separates revenues and expenses by categories that are commonly used and logical. Following are step by step instructions for completing a city's FY 2007 Certified Financial Statement.

The detailed Certified Financial Statement forms have two columns entitled "FY 07 Budget" and "FY 07

Actual." The "Budget" column is used to record the amounts that were budgeted by the city council for revenues and expenses. The "Actual" column is for the amount actually received and spent. The Certified Financial Statement has separate sheets for Revenues and Expenditures.

Revenues

- ✓ Locally generated revenues – revenues received from local sources such as fees and local taxes; and,
- ✓ Outside sources – revenues received from the State or Federal government.

Expenditures

- ✓ Expenses for various departments or services the city provides; and,
- ✓ Expenses for capital/special project grants.

Place the city budgeted and actual revenues and expenses on the appropriate sheets.

Step 1: Enter budget figures on forms

Find the city's budget for the fiscal year ending June 30, 2007. Transfer the budgeted (as amended) revenue figures to the appropriate forms under the "FY 2007 Budget" column.

Continue until all the budgeted amounts for all the revenue categories in the city budget are entered. Now enter the budgeted amounts for all expenditures identified in your budget on the appropriate forms.

Step 2: Transfer Actual Revenue and Expenditures

Review the city's monthly financial reports. If the monthly financial report kept track of the total revenues and expenses for the budget period, the transfer of actual figures to the Certified Financial Statement is a simple task. Enter all the actual year end

totals of revenues and expenditures in the "FY 07 Actual" column of the appropriate form.

This will allow city officials to compare the budgeted and actual figures for the past year and use the results in planning the city's next budget.

Step 3: Creating Actual Revenue & Expenditure Records

If monthly financial reports have not been prepared, the treasurer or clerk will need to review the city's financial records for the entire fiscal year.

List each revenue amount received and deposited in the bank during the previous twelve months (July 1 - June 30). For each revenue, identify where the money came from and for what purpose.

Revenue	Source	Purpose
\$35.00	John Jones	Electric Bill - pd July
\$47.00	Peter George	Electric Bill - pd July
\$22.00	Joyce Brown	Electric Bill - pd July
\$39.00	Allen James	Electric Bill - pd July

CERTIFIED FINANCIAL STATEMENT

This information is usually available from the city's check register, receipt book or cash receipts journal.

After gathering this information for all the city's revenues, add all the revenues for each category listed on the Detailed Certified Financial Statement forms (yellow). Transfer these totals to the "FY 07 Actual" column on the forms.

Enterprises – Electric Utility: Customer payments		
Revenue	Source	Appropriate CFS Category
\$6,875.00	Customers	Operating Revenues Locally Generated Enterprises
Enterprises – Electric Utility: PCE Subsidy		
\$2,934.00	PCE	Operating Revenues Locally Generated PCE Subsidy

List each expenditure made during FY 2007. For each expenditure, identify the purpose for which the money was spent and the amount.

Information on expenses is usually available from the check register and/or cash disbursements journal.

Operating Expenditures		
Expense	Purpose	Category
\$587.41	Salaries	Electric Utility / July
\$448.08	Fuel Oil	Health Clinic / July
\$290.30	Electricity	Health Clinic / July

After each expenditure during the fiscal year has been identified, add the expenses for each category as they are listed on the Detailed Certified Financial Statement forms (yellow).

Operating Expenditures		
Expense	Purpose	Category
\$7,049.00	Salaries	Electric Utility
\$10,754.00	Fuel Oil	Health Clinic
\$6,978.00	Electricity	Health Clinic
\$860.00	Telephone	City Offices
\$600.00	Telephone	Health Clinic
\$9,537.00	Fuel Oil	City Offices

Add up the dollar amounts for each expenditure category and transfer these figures to the actual column on the Detailed Certified Financial Statement forms (yellow).

Operating Expenditures – Electric Utility		
Expense	Purpose	CFS Category
\$7,049.00	Salaries	Operating Expenditures Personal Services

Finally, after all revenues and expenditures have been entered on the Detailed Certified Financial Statement forms, enter the totals on the Financial Summary forms (blue).

Section 3

FY 2007 Certified Financial Statement Forms

Overview

The forms in the back are provided to assist the city in putting together the required Certified Financial Statement to be presented to the city council and filed with COMMERCE. **Be sure to read the instructions contained in Sections 1 and 2 prior to completing the Detailed FY 07 Certified Financial Statement and Financial Summary forms.**

Revenues

There are Detailed FY 07 Certified Financial Statement forms for Operating Revenues and Capital/Special Projects provided. These forms are yellow.

Expenditures

FY 07 budgeted expenditures should be listed on the Detailed FY 07 Certified Financial Statement expenditures forms in the "FY 07 Budget" column. The FY 07 actual expenditures should be listed on the forms in the "FY 07 Actual" column. Comparing the two figures may provide important information to city officials. These forms are yellow. The Detailed FY 07 Certified Financial Statement expenditure forms are designed to be completed for each of the city's departments or grants. Separate Detailed FY 07 Certified Financial Statement expenditure forms are filled out for each department and

grant. This manual provides forms for the following departments:

- ✓ Administration & Finance
- ✓ Health Facility
- ✓ Council
- ✓ Harbor and Dock
- ✓ Police
- ✓ Electric Utility
- ✓ Fire
- ✓ Water and Sewer
- ✓ Streets and Roads
- ✓ Washeteria
- ✓ Airport
- ✓ Garbage Collection & Landfill

If you have additional departments or any grants, use the blank forms provided. Make photocopies of the blank forms if there are not enough provided.

After entering all the operating revenue and operating expenditure information on the appropriate Certified Financial Statement forms (yellow), use the Financial Summary forms (blue) to summarize the information. Once the summary and detailed Certified Financial Statement forms are complete, the city council adopts a resolution certifying the figures as being true and correct. A sample resolution has been provided immediately preceding the Certified Financial Statement forms. A resolution must accompany the FY 07 Certified Financial Statement forms and summary.

Photocopy all the forms and the resolution and send them to
COMMERCE at the address below.

**Department of Commerce Community, and
Economic Development
Division of Community Advocacy
P.O. Box 110809
Juneau, Alaska 99811-0809**

**DCA recommends the Certified
Financial Statement be sent
by certified mail for proof of
delivery.**



FY 07

**Certified
Financial
Statement**

City of

Resolution of the City of
_____, **Alaska**

No. _____

A RESOLUTION CERTIFYING THE ANNUAL CERTIFIED FINANCIAL
STATEMENT OF REVENUES AND AUTHORIZED EXPENDITURES FOR THE
YEAR ENDING _____, 2007.

WHEREAS, The City of _____, is a recognized second
class city; and

WHEREAS, second class cities are required by AS 29.20.640(a)(2) to submit
a Certified Financial Statement of income and expenditures or audit for the year
ending June 30, 2007, to the Department of Commerce, Community, and Economic
Development;

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF
THE CITY OF _____, ALASKA:

That the attached CERTIFIED FINANCIAL STATEMENT (or audit) of
_____, Alaska for the year ending June 30, 2007, and
prepared by _____, is true and complete to the best of
our knowledge.

ADOPTED by duly constituted quorum of the City Council of _____,
Alaska, this _____ day of _____, 2007.

Mayor

ATTEST:

City Clerk

Original — To be kept by City

Photocopy — Return to Department of Commerce, Community, and Economic Development

